



A Fresh Perspective

November 2011

Thank you to Nadia Kelsch for introducing me to Russell Herrington and Patrick McCarthy whose search for a new townhouse is well underway.

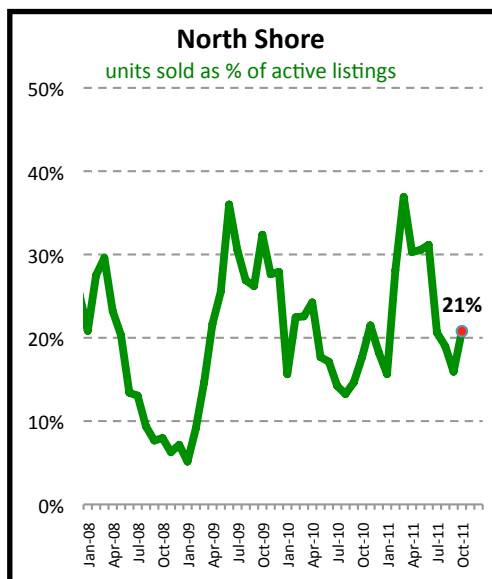


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market update

The Real Estate Board of Greater Vancouver (REBGV) reported total MLS® residential property sales of 2,317 units in October representing a 3% increase over the levels of September, and 1% less than in October 2010. At 15,377, the total number of residential property listings at October 31 was 5% less than at the end of September, and 9% more than at the end of October 2010. The metro MLS® sales to active listings ratio registered at 15%, and continued trending towards a market favoring buyers.



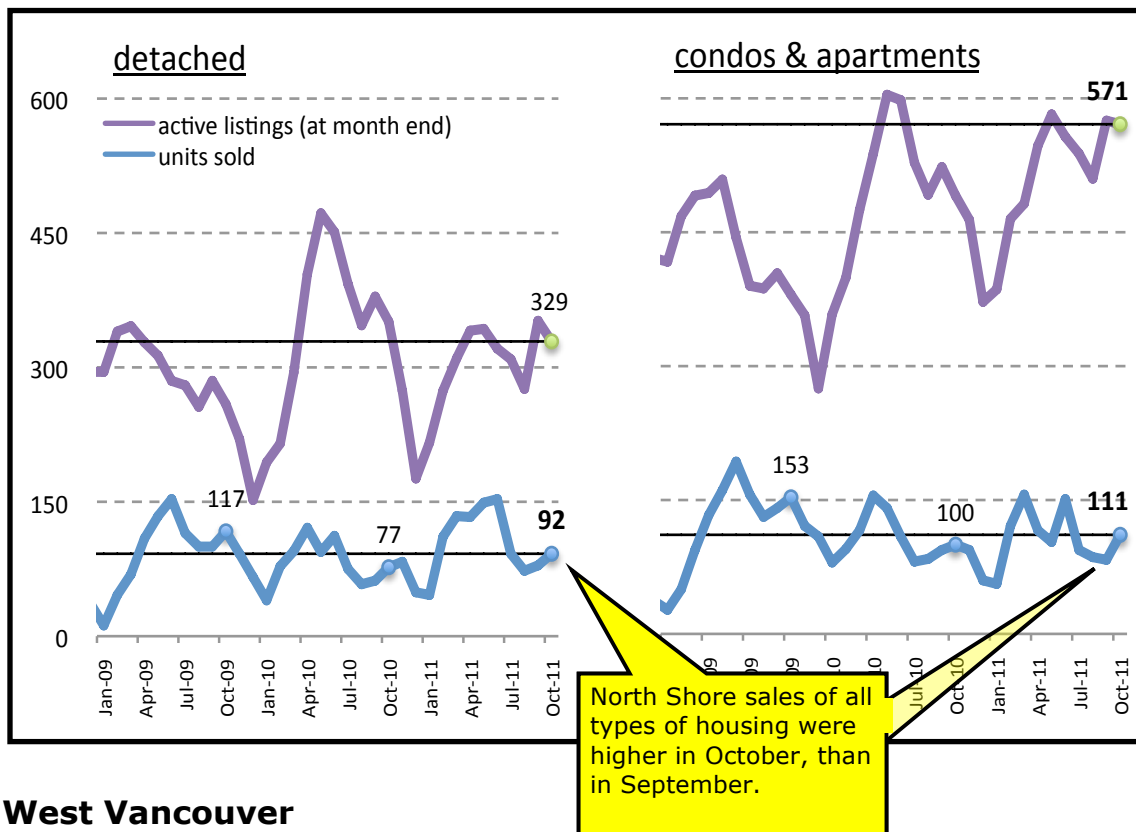
North Shore home sales, at 310 units, were up by 26% from September and were 20% higher than in October 2010. The sales to active listings ratio on the North Shore rose to 21%, up from 16% in September, and suggests the local housing market is in balance and favoring neither buyers nor sellers.

In October, single-family homes sold on average in 71 days compared to 72 days in September, and 124 days in October 2010. Find the October 2011 REBGV market report, at www.danmuzzin.com/news.html.

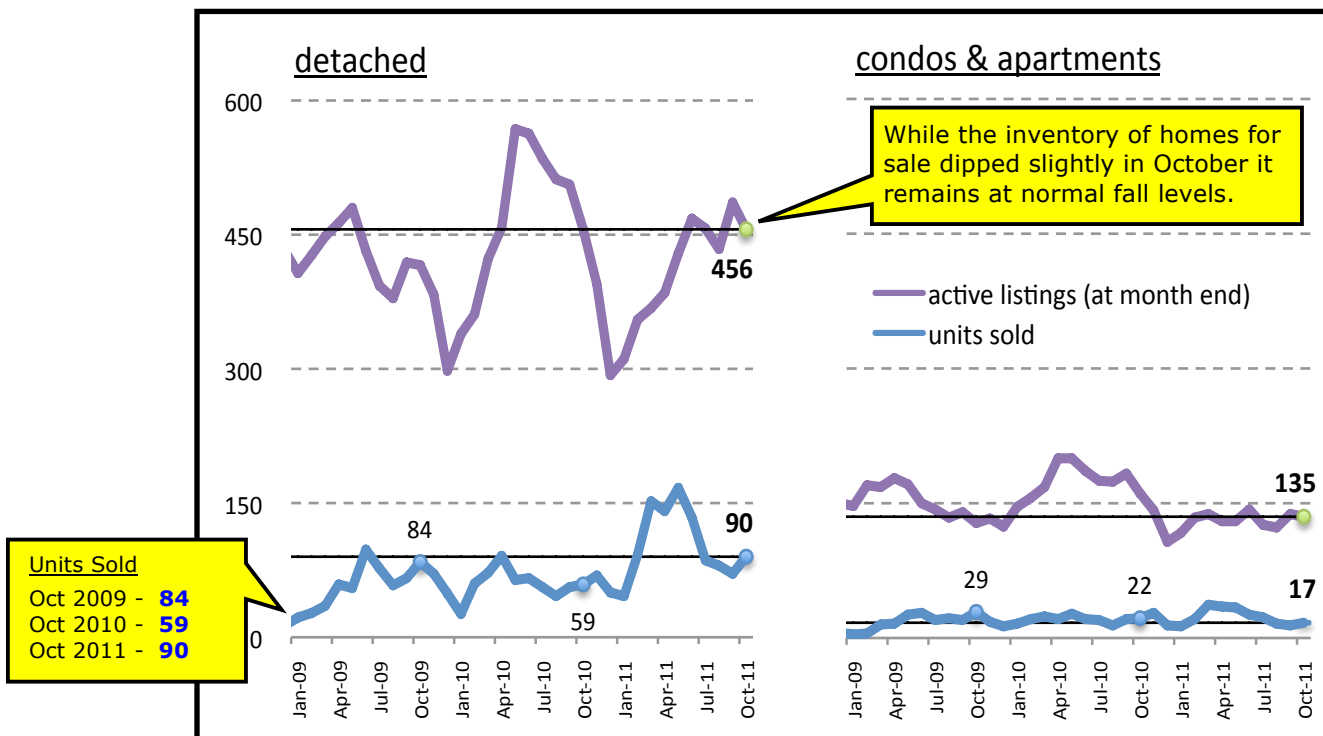


The following charts show the inventory of homes for sale on the last day of each month from Jan 2009 to October 2011, and the sales for each month.

North Vancouver



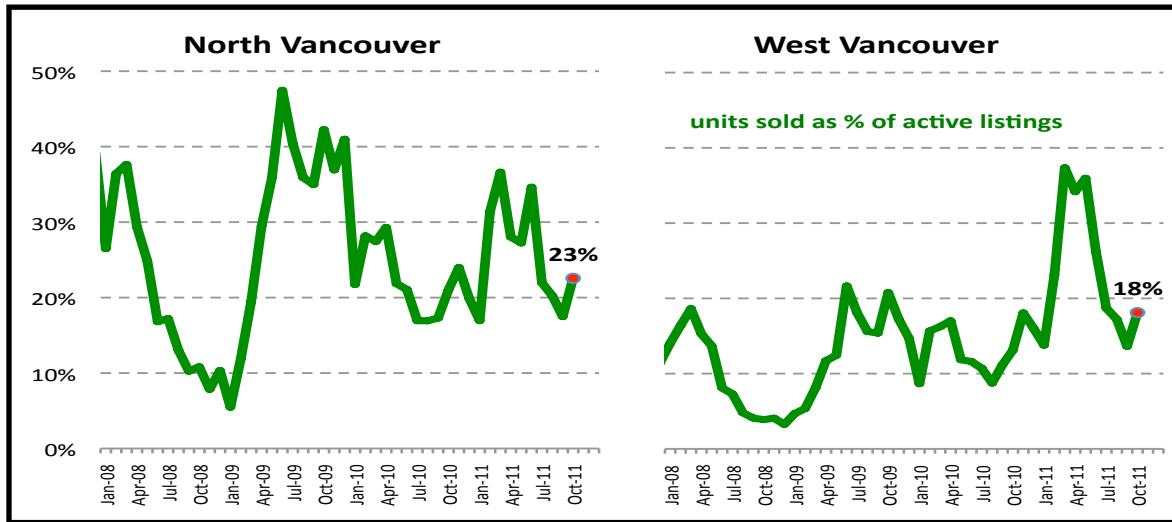
West Vancouver



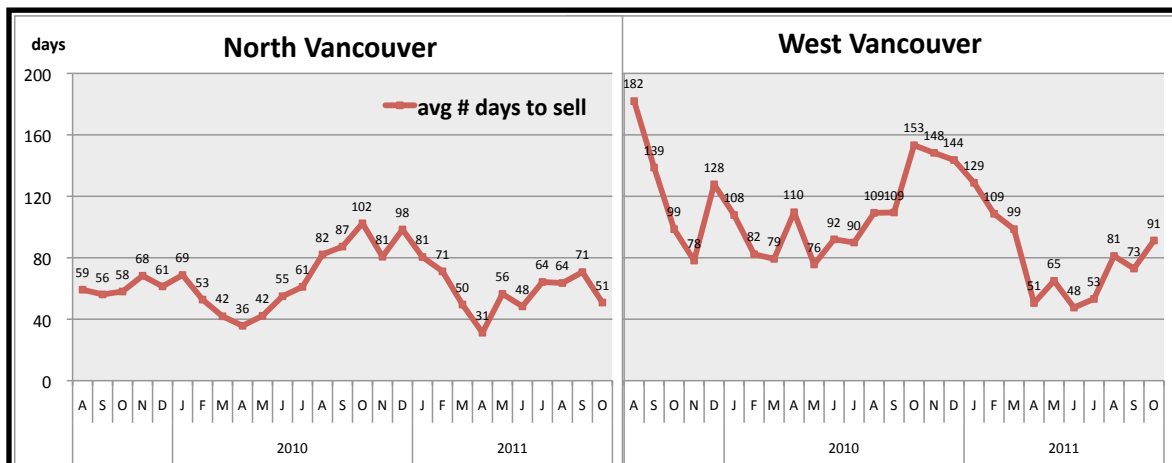


selected sales details

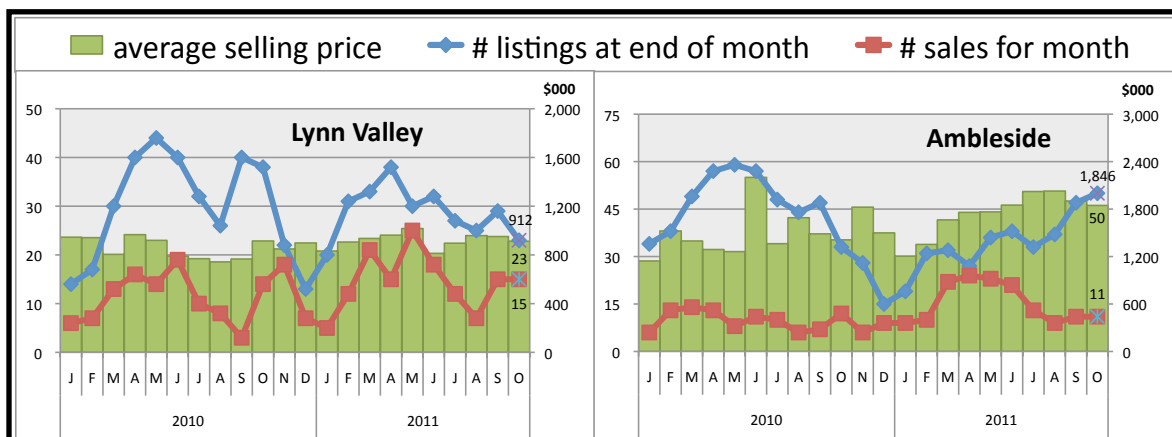
all properties sold, as a % of properties for sale at end of month



average # of days on market (detached houses)



sales by neighbourhood (detached houses) *call me for sales details in your local area*





effects of eliminating HST

With the recent defeat of the HST (to be implemented in March 2013), there is a good deal of uncertainty about how this will affect the real estate market. Keeping in mind that the provincial government has yet to come up with a set of transition rules, we should consider its effects on New Home sales, Resales, and related Fees separately.

Sales of **New Homes** will likely be the most affected by changing back to the GST/PST tax combination. All new residential construction will be taxable at the 5% GST rate rather than the previous 12% HST. However, the government will also be eliminating the New Housing Rebate (up to \$26,250), which was introduced to offset the HST on properties valued less than \$525,000. As a result, the net tax effect on newly constructed homes valued at less than \$525,000 will be negligible, while there should be a net tax savings for those over \$525,000.

Reintroducing PST will result in higher construction costs however, as builders' HST input credits are eliminated. As a result, the total cost of new homes valued under \$525,000 will likely increase while the cost of those valued over \$525,000 should decrease as additional PST costs should be less than 7%.

Eliminating the HST should have little or no impact on **Resales** as they aren't subject to HST, GST or PST.

Fees associated with real estate transactions should decrease as they will be subject to 5% GST rather than 12% HST. Those fees are typically for services provided by lawyers, notaries, realtors, insurers, appraisers and property inspectors. To a seller who sells property for \$500,000, the tax savings should be in the range of \$1,000-\$1,500, and approximately \$2,000-\$2,500 for a \$1 million property.

great value – fixed rate mortgages

Due to recent economic turmoil, money flowed out of stocks and into bonds, which raised bond prices. When a bond's price rises, its yield falls and, since banks generally use bond yields to determine their fixed mortgage rates, when bond yields fell so did rates on fixed term mortgages. As a result, Banks are currently offering four-year, fixed-rate mortgages at 3%.

In recent years banks offered variable rate mortgages at discounts up to 0.9% off prime, and so borrowers that chose variable-rate mortgages paid down their debt faster than those who decided on higher rate, fixed-rate mortgages. The tide has now turned as banks have virtually eliminated discounts off the prime rate (which is currently 3%), as too many variable-rate mortgages were unprofitable.

Any future economic events that trigger rising interest rates will have a direct impact on variable-rate mortgages.

Call me for an introduction to a mortgage advisor regarding your personal situation.